

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-31 Phase II (Track B)

Respondent: Paula L. Brown

Title: Vice President – Regulatory

REQUEST: Department of Telecommunications and Energy, Set #3

DATED: September 27, 2002

ITEM: DTE-VZ 3-1 Please refer to DTE-VZ 1-1, Attachments: For each Residence Basic Service listed, please indicate the UNEs Required to Provide Service along with the corresponding UNE rate from MDTE Tariff No. 17. In addition, please calculate the total of the UNE rates for each Residence Basic Service.

REPLY: Verizon considers certain data responsive to this request proprietary and competitively sensitive. That data will be made available to the extent provided for in a mutually agreeable Protective Agreement.

Please see the attached worksheets.

VZ # 288

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REQUEST: Department of Telecommunications and Energy, Set #3

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ITEM: DTE-VZ 3-2 Please specify the dial-tone rate increase necessary for a revenue-neutral adjustment of Verizon MA's rates if switched access termination rates are reduced to the UNE rate for local termination.

REPLY: Verizon considers certain data responsive to this request proprietary and competitively sensitive. That data will be made available to the extent provided for in a mutually agreeable Protective Agreement.

If intrastate switched access were to be priced at current UNE rate levels, the dial-tone line rate increase associated with the switched access restructure would be \$2.06 per line per month.

However, the Department is currently reviewing Verizon MA UNE rates in D.T.E. 01-20. The outcome of this proceeding will directly impact the dial-tone line rate off-set required to reduce intrastate switched access rates. Based upon the rates Verizon MA proposed in that proceeding, the dial-tone line rate increase associated with the switched access restructure would be \$2.13 per line per month. Any further rate reductions resulting from docket DTE 01-20 would have a further impact on the dial-tone line off-set.

Workpapers supporting these estimated impacts are attached.

VZ # 289

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ITEM: DTE-VZ 3-3 Please specify the dial-tone rate increase necessary for a revenue-neutral adjustment of Verizon MA's rates if Eastern LATA toll rates are reduced to Western LATA levels.

REPLY: The residential dial-tone rate increase necessary for a revenue-neutral adjustment of Verizon MA's rates if Eastern LATA toll rates were reduced to Western LATA levels is \$1.17.

Please see the attached workpaper.

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ITEM: DTE-VZ 3-4 Assuming the existing demand for intrastate special access, please specify the dial-tone rate increase necessary for a revenue-neutral adjustment of Verizon MA's rates if intrastate special access rates are reduced to UNE-based levels. Please provide all supporting workpapers.

REPLY: Verizon MA considers certain data responsive to this request proprietary and competitively sensitive. That data will be made available to the extent provided for in a mutually agreeable Protective Agreement.

Because the overwhelming majority of Special Access services obtained by CLECs from Verizon MA are interstate Special Access (under the jurisdiction of the FCC), rather than intrastate Special Access (under the jurisdiction of the Department), the residence dial tone line rate increase necessary for a revenue neutral adjustment of Verizon MA's rates if only intrastate Special Access rates are reduced to UNE-based levels is one cent per month (please see the attached worksheets). However, there will be a significant opportunity for arbitrage created by the reduction in intrastate access charges to UNE-based price levels. As described in response to Information Request DTE-VZ 3-5(c), there is no means by which Verizon MA can determine whether a customer is using intrastate Special Access for interstate traffic. If the prices of intrastate Special Access services were to be reduced to UNE levels, it is reasonable to expect that there will be many carriers who switch from interstate Special Access to intrastate special access to obtain the reduced prices.

REPLY: DTE-VZ
3-4 Con't

A reduction in interstate Special Access revenue similar to the reduction in intrastate Special Access revenue would result in a corresponding offset increase in the residence dial-tone line of over \$4 per line.

VZ # 291

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Respondent: John Conroy

Title: Vice President Regulatory
Massachusetts

REQUEST: Department of Telecommunications and Energy, Set #3

DATED: September 27, 2002

ITEM: DTE-VZ 3-6 Please explain whether, and to what extent, the proposed Service Quality Plan could be modified to reflect measurements for the level of service provided to Verizon MA's residential customers only.

REPLY: Modifications to the Service Quality Plan to reflect the level of service provided to Verizon MA's residential customers only would require a full evaluation of the Service items and the overall point structure of the plan. The Service items fall into four categories, those that would remain the same, those that would be eliminated, those that would have to be modified, and those that cannot be modified. As shown below, only three service items would be unchanged, three would be eliminated, three would have to be modified and three cannot be modified.

Service Items that would remain the same:

?? *Percent of Trouble Cleared within 24 Hours - Residence*

?? *Percent of Appointments Missed for Company Reasons – Residence.*

?? *Residence Service Level*

Service Items that would be eliminated :

?? *Percent of Troubles Cleared within 24 Hours – Business*

?? *Percent of Appointments Missed for Company Reasons – Total*

?? *Business Service Level*

Troubles Cleared within 24 Hours and Business Service Level

would be eliminated because they do not report residence results.

Missed Appointments Total would be eliminated because the same measure is already included for residential customers (see above).

REPLY: DTE-VZ
3-6 Con't

Service Items that would have to be modified:

- ?? *Network Trouble Report Rate* – this metric would be revised to calculate report rate solely for residential customers.
- ?? *Percent of Appointments Missed for Company Reasons – Company Facilities* - this metric would be revised to calculate missed appointments solely for residential customers.
- ?? *Percent of Installation Trouble Reports* – this metric would be revised to calculate installation troubles solely for residential customers.

Service Items that cannot be modified:

- ?? *Directory Assistance Average Speed of Answer* – this metric measures response for residence and business customers combined, results can not be reported solely for residence customers.
- ?? *Toll & Assist Average Speed of Answer* - this metric measures response for residence and business customers combined, results can not be reported solely for residence customers.
- ?? *Repair Resolution Center (Repair Service) Average Speed of Answer* - this metric measures response for residence and business customers combined, results can not be reported solely for residence customers.

Since the overall point structure is based on the number of metrics i.e. the maximum number of points attainable is 52 and the threshold level is 33 points, modifications in metrics would also require an evaluation of the threshold.

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ITEM: DTE-VZ 3-7 The Service Quality Plan in D.P.U. 94-50 included a penalty provision that required an increase in the productivity offset of one-twelfth of one percent if certain service levels were not met. In this proceeding, Verizon MA proposes a Service Quality Plan that includes a penalty of one-twelfth of one percent of annual retail revenue for every month that either the overall performance level is less than 33 points or if three or more of the twelve individual service items fall below the standard threshold on a statewide basis in a given month. Is Verizon MA able to show that the proposed penalty, on a dollar basis, would be equivalent to the penalty provision included in the D.P.U. 94-50 Service Quality Plan?

REPLY: The penalty provision included in the D.P.U. 94-50 Service Quality Plan called for an increase in the productivity offset of one twelfth of one percent for each month in which the SQI criteria was not met. By increasing the productivity factor, the retail revenues received by Verizon MA would be reduced by the amount of the penalty. For example, in the final D.P.U. 94-50 Compliance filing the present retail revenue was \$1,853,215,628. If Verizon MA had not met the service criteria in one month, retail revenues would have been reduced by \$1,544,346 .

Under the proposed Service Quality Plan, the penalty provision specifies the penalty will be one-twelfth of one percent of total annual retail revenue for each month of the year in which the plan's requirements were not met. If this provision had been in effect for the final Compliance filing, the penalty would have amounted to the same amount and been credited to retail customers.

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ITEM: DTE-VZ 3-8 If the imposition of a retail Service Quality Plan were eliminated, what would be the impact, if any, on the Performance Assurance Plan and the Consolidated Arbitrations performance standards and reporting?

REPLY: If the retail Service Quality Plan were eliminated, there would be no impact on the wholesale Performance Assurance Plan or the *Consolidated Arbitrations* plan in any way. The two wholesale plans are independent of the retail Service Quality Plan.